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**NEW QUEBEC RAGLAN
MINES LIMITED**

ANNUAL REPORT—1975

NEW QUEBEC RAGLAN
MINES LIMITED

HEAD OFFICE

40th Floor, Commerce Court West.....Toronto

DIRECTORS

Marsh A. Cooper.....Toronto
P. S. Cross.....Toronto
E. T. Donaldson.....Toronto
F. A. Godfrey.....Toronto
G. P. Mitchell.....Toronto
J. R. Smith.....Toronto

OFFICERS

J. R. Smith.....President
Marsh A. Cooper.....Vice-President
D. D. Anderson.....Secretary
J. D. Krane.....Treasurer

AUDITORS

Thorne Riddell & Co.....Toronto

REGISTRAR AND
TRANSFER AGENT

The Sterling Trusts Corporation
372 Bay Street.....Toronto

ANNUAL MEETING

Wednesday, April 21, 1976

10:00 a.m. (Toronto Time) — Elizabeth Room
King Edward Hotel, Toronto, Ontario



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NEW QUEBEC RAGLAN MINES LIMITED

(Incorporated under the laws of Ontario)

REPORT OF THE DIRECTORS

The properties were maintained in good standing, but no exploration or development work was performed during the year. Maintenance and administrative costs amounted to \$139,971 which after credits resulted in a net expenditure of \$117,854.

The consolidated financial statements of the Company and its subsidiary, Raglan Quebec Mines Limited, and the Auditors' Report thereon for the year ended December 31, 1975 are included in the report.

Ore Reserves

Ore reserves did not change during the year and are estimated, including dilution, as follows:

	Tons	Grade % Ni	Grade % Cu
Donaldson Mine — Underground Exploration			
Well assured reserves	3,021,000	3.06	0.73
Katiniq Deposit — Surface Drilling			
Indicated by closely spaced holes	5,276,000	2.42	0.70
Assumed extensions of ore within lateral limits of drilling	5,000,000	2.42	0.70
2 - Area — Surface Drilling	660,000	2.43	0.72
Assumed extensions of ore within lateral limits of drilling	500,000	2.43	0.72
3 - Area — Surface Drilling	1,093,000	2.81	0.69
Assumed extensions of ore within lateral limits of drilling	500,000	2.81	0.69
	16,050,000	2.58	0.71

On behalf of the Board of Directors,

J. R. SMITH,
President.

February 10, 1976.

NEW QUEBEC RAGLAN

(Incorporated under
and its sub-

Raglan Quebec Mines Limited

CONSOLIDATED BALANCE SHEET (with comparative figures)

ASSETS

	1975	1974
CURRENT ASSETS		
Cash and short term securities, at cost which approximates market value	\$ 220,916	\$ 316,179
Accrued interest receivable	493	7,400
Prepaid insurance	3,994	11,733
	<hr/> 225,403	<hr/> 335,312
FIXED ASSETS		
Mineral exploration licences and staked claims in the Cape Smith-Wakeham Bay area of Ungava, Quebec, at cost	81,000	81,000
Buildings and prospecting equipment, at nominal value	1	1
	<hr/> 81,001	<hr/> 81,001
DEFERRED EXPENDITURES		
Exploration, development and other expenditures deferred (notes 2 and 4)	28,222,095	28,104,241
	<hr/> \$28,528,499	<hr/> \$28,520,554

AUDITORS

To the Shareholders of
New Quebec Raglan Mines Limited

We have examined the consolidated balance sheet of New Quebec Raglan Mines Limited (hereinafter referred to as "the Company") and the consolidated statements of exploration, development and other expenditures (hereinafter referred to as "the financial statements") as at December 31, 1975 and the consolidated statements of exploration, development and other expenditures for the year then ended. Our examination included a general review of the accounting policies and practices followed by the Company which we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the operations and the changes in their financial position for the year then ended, in comparison with that of the preceding year.

Toronto, Canada
January 13, 1976

AN MINES LIMITED

laws of Ontario)

/ company

(No Personal Liability)

AS AT DECEMBER 31, 1975

at December 31, 1974)

LIABILITIES

	<u>1975</u>	<u>1974</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 9,163	\$ 1,218

MINORITY INTEREST

Preferred shares of subsidiary company issued to Falconbridge Nickel Mines Limited (notes 2 and 3)	<u>17,261,029</u>	<u>17,261,029</u>
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SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized — 8,000,000 shares of \$1 each

Issued — 7,760,294 shares (note 2)	7,760,294	7,760,294
PREMIUM ON SHARES	3,626	3,626

7,763,920 7,763,920

CONTRIBUTED SURPLUS ARISING FROM REDUCTION OF CAPITAL IN 1965	2,197,496	2,197,496
RETAINED EARNINGS	1,296,891	1,296,891

1,296,891 1,296,891

11,258,307 11,258,307

\$28,528,499 \$28,520,554

Approved by the Board,

J. R. SMITH, Director.

P. S. CROSS, Director.

REPORT

es Limited and its subsidiary company, Raglan Quebec Mines Limited (No Personal Development and other expenditures deferred and changes in financial position for the procedures and such tests of accounting records and other supporting evidence as we

cial position of the companies as at December 31, 1975 and the results of their accordance with generally accepted accounting principles applied on a basis consistent

THORNE RIDDELL & CO.
Chartered Accountants

NEW QUEBEC RAGLAN MINES LIMITED

and its subsidiary company

CONSOLIDATED STATEMENT OF EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES DEFERRED

Year Ended December 31, 1975
 (with comparative figures for 1974)

	<u>1975</u>	<u>1974</u>
Exploration and development		
Indirect costs		
Property maintenance	\$ 96,294	\$ 57,135
Feasibility study costs (reduction)	—	(15,909)
	<u>96,294</u>	<u>41,226</u>
Administrative	43,677	40,873
Total expenditures for the year	139,971	82,099
Deduct interest earned	22,117	35,739
NET EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES	117,854	46,360
EXPENDITURES DEFERRED AT BEGINNING OF YEAR	28,104,241	28,057,881
EXPENDITURES DEFERRED AT END OF YEAR (note 4)	<u>\$28,222,095</u>	<u>\$28,104,241</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31, 1975
 (with comparative figures for 1974)

	<u>1975</u>	<u>1974</u>
WORKING CAPITAL DERIVED FROM		
Interest earned	\$ 22,117	\$ 35,739
WORKING CAPITAL APPLIED TO		
Exploration, development and other expenditures	139,971	82,099
DECREASE IN WORKING CAPITAL	117,854	46,360
WORKING CAPITAL AT BEGINNING OF YEAR	334,094	380,454
WORKING CAPITAL AT END OF YEAR	<u>\$ 216,240</u>	<u>\$ 334,094</u>

NEW QUEBEC RAGLAN MINES LIMITED

and its subsidiary company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 1975

1. BASIS OF CONSOLIDATION

These financial statements include the accounts of the company and its subsidiary company, Raglan Quebec Mines Limited (No Personal Liability).

2. EXPLORATION AND DEVELOPMENT AGREEMENTS

In accordance with agreements entered into with Falconbridge Nickel Mines Limited, Falconbridge undertook exploration and development work on the subsidiary company's properties. As consideration Falconbridge receives:

One share of \$1 par value of the subsidiary's redeemable, cumulative preferred shares for each \$1 of expenditure and

One share of the common stock of New Quebec Raglan Mines Limited for each \$37.50 of expenditure.

The company has recorded the issuance of its shares at \$15 and \$12 per share which were the approximate fair market values of the shares at the dates of signing the agreements. Pursuant to the agreements Falconbridge incurred expenditures for which shares have been issued as follows:

	Expenditures	Preferred shares of subsidiary — par value	Shares of company — number
Total at January 1, 1974	\$17,261,029	\$17,261,029	260,294
1974	Nil	Nil	Nil
1975	Nil	Nil	Nil
Total at December 31, 1975	\$17,261,029	\$17,261,029	260,294

Falconbridge has the right under the agreements to continue exploration and development on the properties, expend further amounts thereon up to \$2,738,971 and receive as consideration preferred shares of the subsidiary company at par value and in addition one share of the company's capital stock for each \$37.50 of such expenditure.

The tax benefits with respect to these expenditures are claimable by Falconbridge and are not claimable by the subsidiary company.

3. ARREARS OF DIVIDENDS

Arrears of dividends on the cumulative preferred shares of the subsidiary company amount to \$6,549,728 at December 31, 1975 and \$5,347,109 at December 31, 1974.

4. EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES DEFERRED

Exploration, development and other expenditures amounting to \$28,222,095 at December 31, 1975 represent costs incurred in the development of the subsidiary company's Cape Smith-Wakeham Bay area properties. These expenditures have been deferred with the intention that they should be amortized by charges against income from future mining operations. While exploration and development at the properties has been suspended, studies are continuing of the feasibility of alternate methods of bringing the properties into production. Development work and feasibility studies on this project to date have not resulted in conclusions that the expenditures on the properties will or will not be recoverable by charges against income from future mining operations. The recovery of these costs from operations is dependent upon the obtaining of adequate financing, the successful development of an economic mining operation, and the marketing of concentrate production.

RAGLAN QUEBEC MINES LIMITED
PROPERTY PLAN

UNGAVA - QUEBEC

SCALE IN MILES

March 1972



